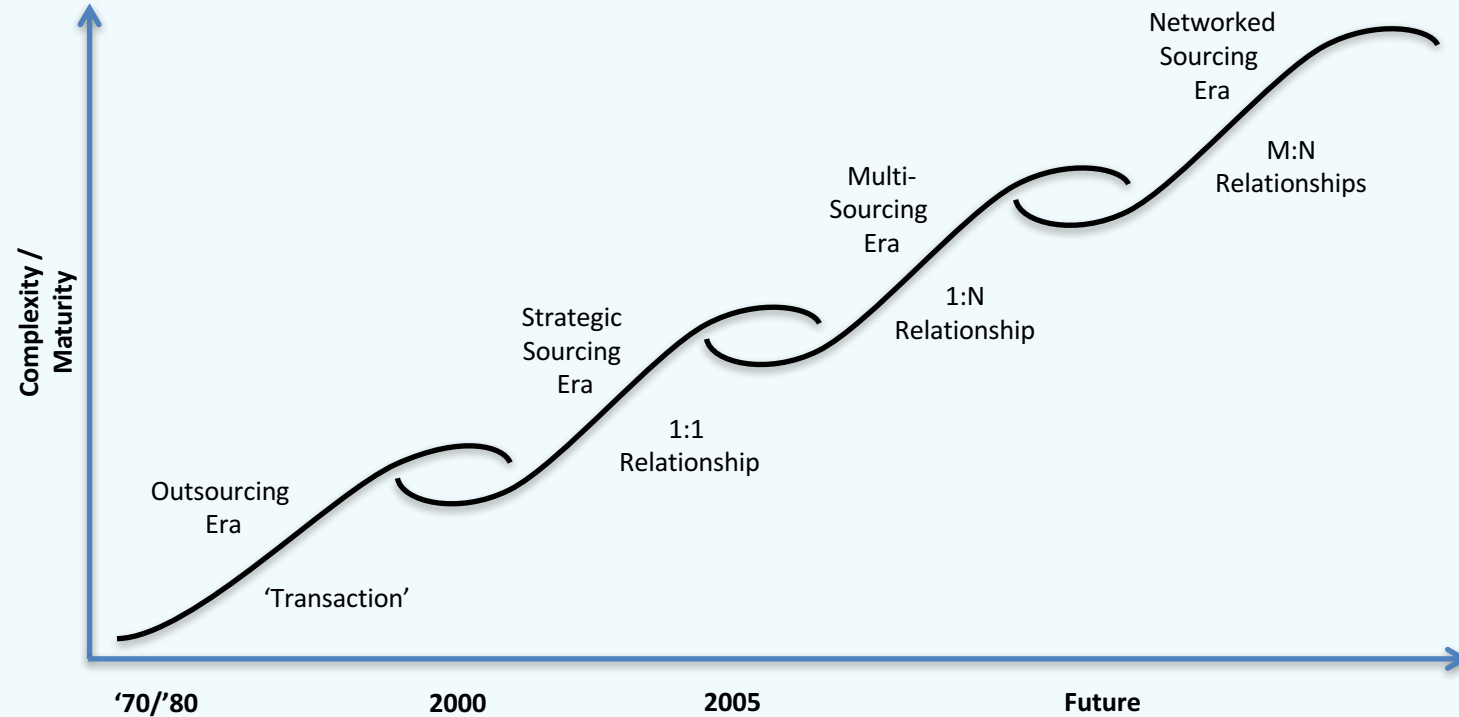


Whitebridge Consulting

Collaborative Contracting

15 June 2017, Gerwin Pol / Paul van Wijngaarden

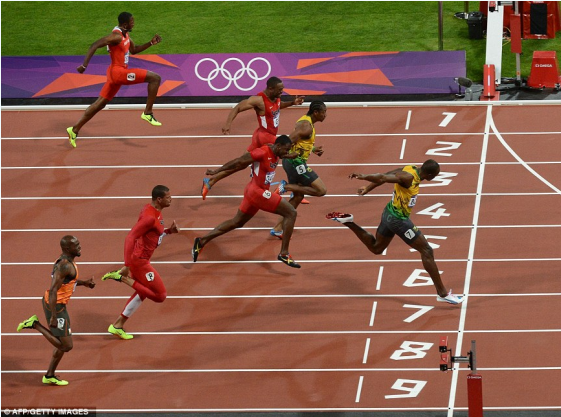
Sourcing Market is maturing, but how is the “Art of the Deal” maturing?



[illegible]

Client Internal use only. © 2017 Whitebridge Consulting BV. All rights reserved.

What we Wish for vs How Reality feels vs What might be the Optimal Approach



#1 Wish: 100m Sprint

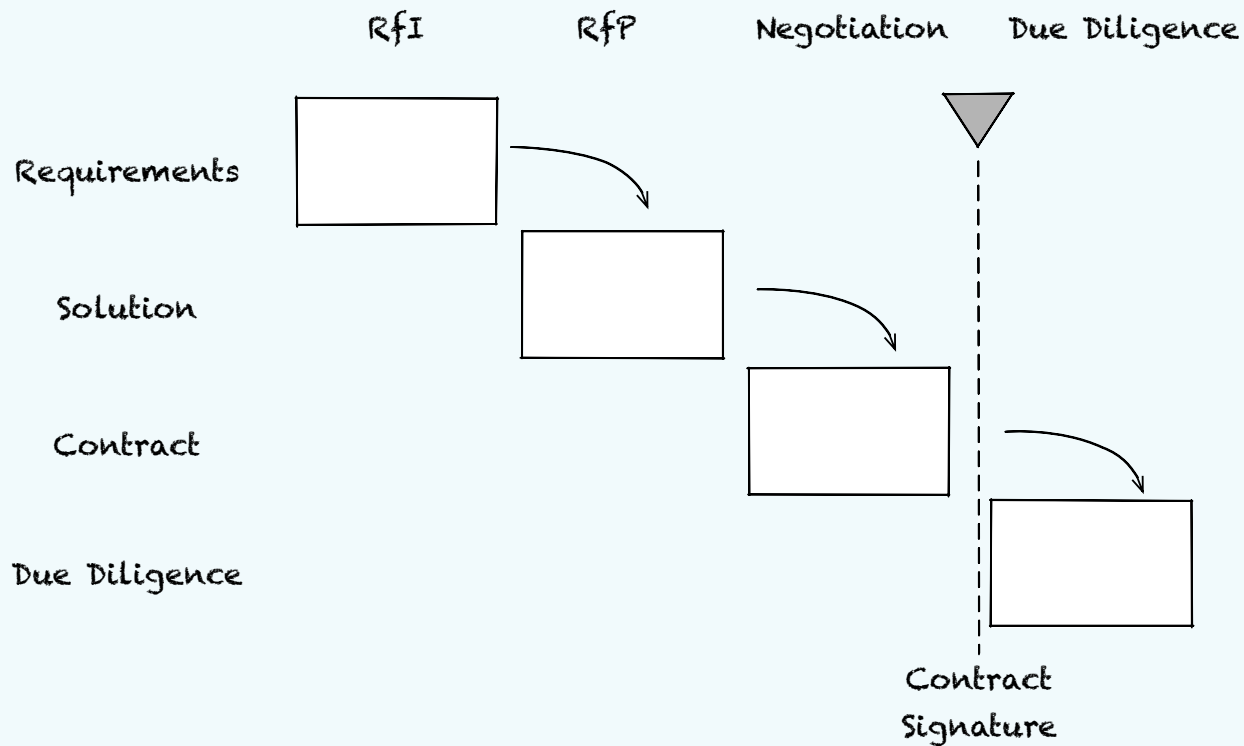


#2 Reality: Steeple Chase

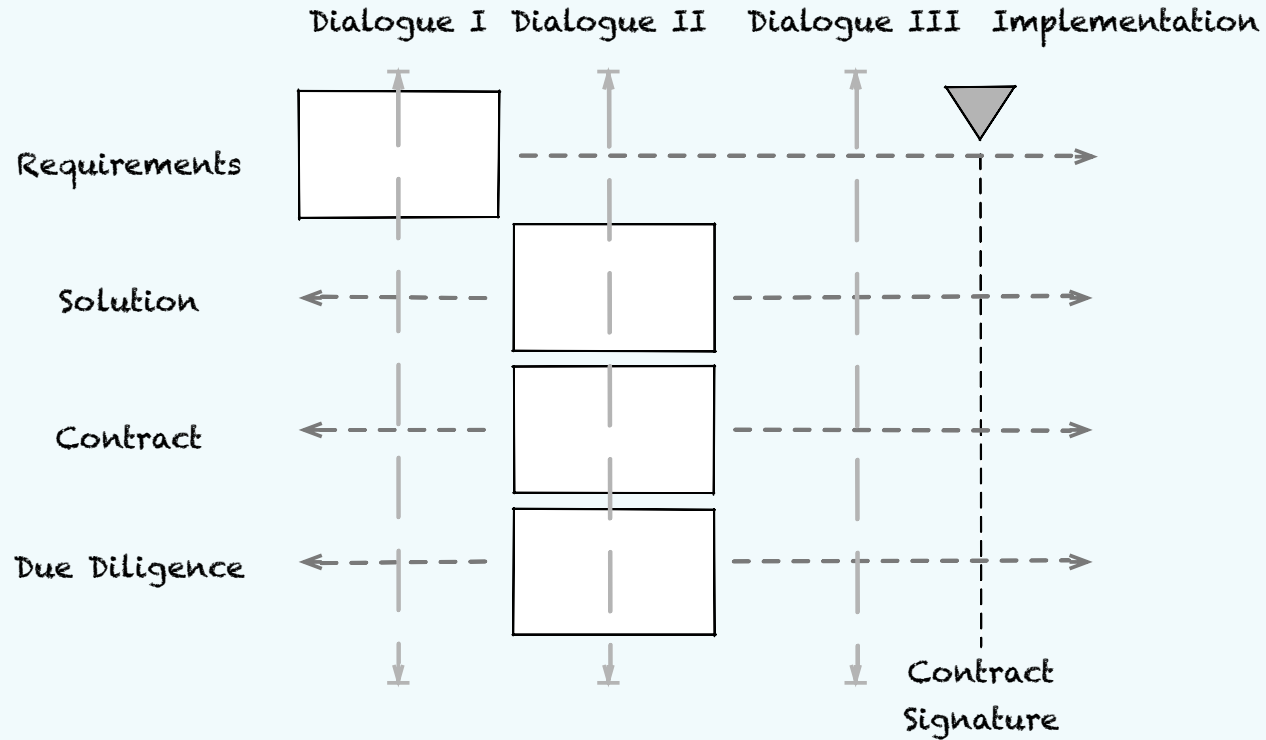


#3 Maybe Optimal: Free Running

Traditional RfX approach: Feels like Steeple Chase



Collaborative Contracting: Moving to Free Running



2017/2018: Launching a Multi-client Study on these developing Practices

Observations so far:

- #1 Negotiation is not Collaboration – Competitive Collaboration beats Negotiation
- #2 The dilemma of Perfect Information: Creating a Shared Understanding
- #3 The Best Contract is not in the Drawer, but underpinning and part of Sourcing Governance
- #4 Cost AND Value: Driving Standardisation and Automation

Let's look at these closer...

Negotiation is not Collaboration – Competitive Collaboration beats Negotiation



#1 Playing Chess

VS



#2 Hackathon

The dilemma of Perfect Information: Creating a Shared Understanding

The theory of Information Asymmetry and Moral Hazard* in Negotiation:

“Maximising the value of the information you have, whilst minimizing the value of information of the counterparty”

Overcoming Information Asymmetry in Collaborative Contracting:

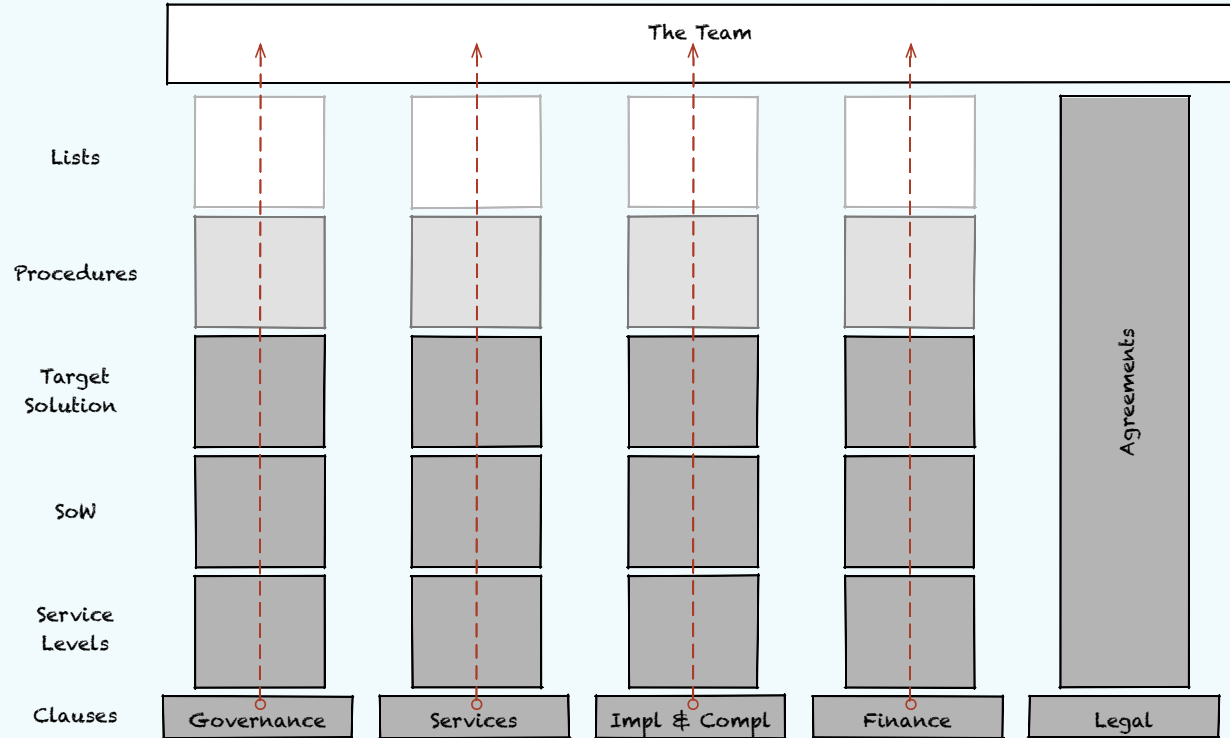
*“Shared and collaboratively gained understanding of the Requirements, the Solution, the Contract and Due Diligence increases the Value exponentially”***

* Nobel Prize Winning Contracting Theory by Oliver Hart and Bengt R. Holmström

** Service Provider Bid Manager in a recent deal (BTW: Lost the Deal)

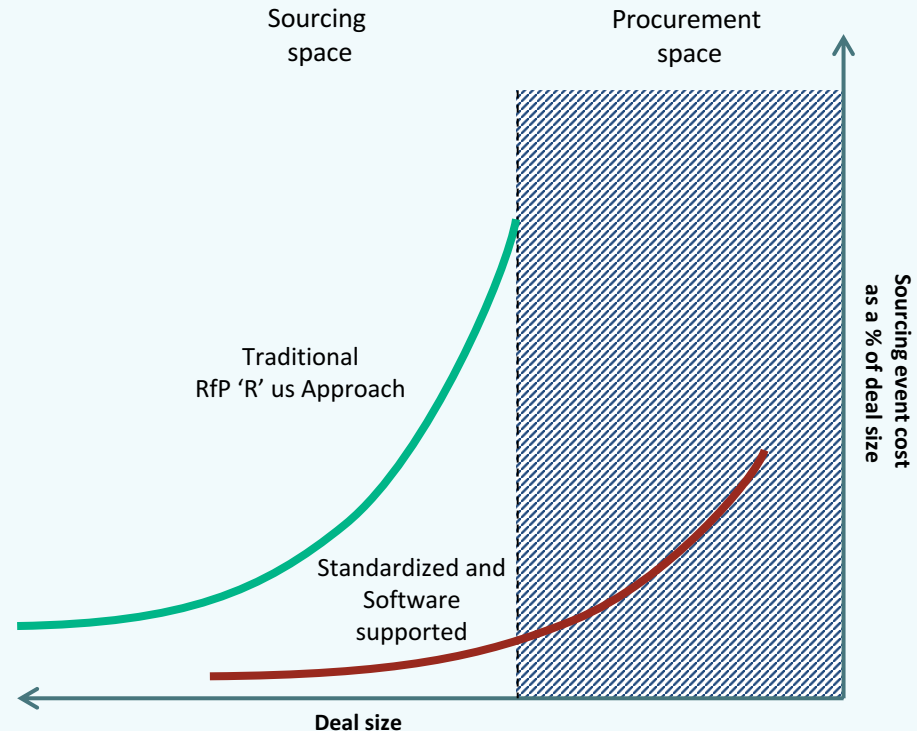
The Best Contract is not in the Drawer, but enabling and part of Sourcing Governance

- Process Driven Contract
- Dynamic Contract, i.e. Contracting based on the 'adaptable' Future instead of the 'quickly outdated' Past
- Standardized and integrated across Deal Portfolio, not one-offs
- Simplification through standardization and maturity in Sourcing Governance and Management



Cost AND Value: Driving Standardisation and Automation

- Traditional sourcing events have a high degree of custom process and tools, leading to high support cost as % of the deal size (1% for large deals to 2-5% or more for small deals)
- Available tooling is single purpose procurement, service management and/or M&A focussed. Current tooling does not take the complex nature of sourcing into account
- Sourcing standards (eSCM, ISO 37500, IAOP) are still more Marketing Concepts instead of Common Practices



2017/2018: Launching a Multi-client Study on these developing Practices

To summarise; observed new practices:

- #1 Iterative process instead of waterfall, moving a substantial part of the design process before contract signature
- #2 Competitive collaboration instead of hard ball negotiations
- #3 Information sharing, transparency and dialogue to achieve exponential value
- #4 Simplification through standardisation
- #5 Automation of the non-value add

Let us know if your interested to participate: info@whitebridge.eu

Thank You

Gerwin Pol
Managing Partner

+31 (6) 5732 4652
gerwin.pol@whitebridge.eu

Whitebridge Consulting BV
Energyclub Rotterdam
Vlaardingweg 62
3044CK Rotterdam

+31 (85) 201 3945

whitebridge.eu

Paul van Wijngaarden
Partner

+31 (6) 1292 3750
paul.vanwijngaarden@whitebridge.eu